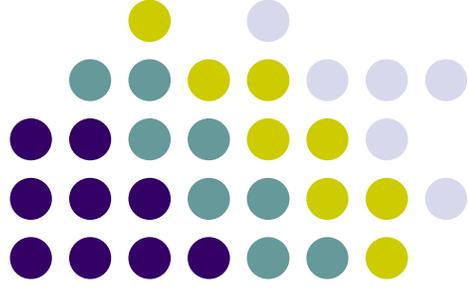


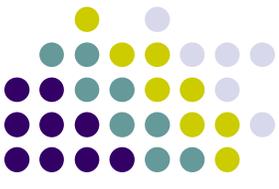
A Retail Strategy and Action Plan for Downtown Morristown

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DANTH, Inc.**

**Presented to the Morristown Partnership
November 10, 2010**



Downtown Morristown is a Regional Commercial Center



- It's a County Seat
- Downtown employment of 22,063; 42% live in Morris County
- 1 million SF of street level retail prone space
- 108 comparison retail shops
- Morristown's retail sales around \$247 million/yr
- Major hospital
- Major courts
- Easy Interstate access
- Direct commuter rail service to Manhattan

The Key Captive Markets



- “Captive markets” are already downtown, they do not have to be attracted there!
- Downtown Morristown has a rich assortment of “captive markets” that retailers can benefit from:
 - New downtown residents
 - Office workers
 - Hotel guests and other tourists
 - High school students
 - People drawn to very strong dining and “pamper niches”
 - People traveling to and through the downtown

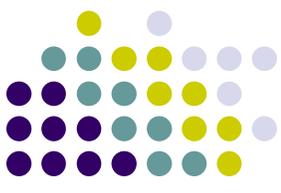


New Downtown Residents

Estimated Retail Expenditures of Households In New Market Rate Downtown Housing

	<u>Number of</u>	<u>95%</u>	<u>Est HH Retail</u>	<u>Total Est HH Retail</u>
	<u>Units</u>	<u>Occupancy</u>	<u>Spending 2010</u>	<u>Spending 2008</u>
Completed	544	517	\$54,707	\$28,272,722
Approved	84	80	\$54,707	\$4,365,641
Pending	950	903	\$54,707	\$49,373,320
Totals	1,578	1,499	\$54,707	\$82,011,683

Sources: housing project information from the Township; household retail spending expenditure estimates are from ESRI



Downtown Office Workers

Estimated Office Worker Potential Expenditures in 2010

Expenditure	Per worker/yr*	All Office Workers
lunches	\$ 1,558	\$ 21,510,456
retail	\$ 1,408	\$ 19,440,889
dinner/drinks	\$ 237	\$ 3,275,456
<i>Total</i>	\$ 3,203	\$ 44,226,801

Source: ICSC, Office Worker Retail Spending Patterns 2003

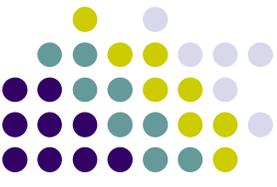
*Expenditures in 2010 \$s; N of office workers = 13,810

Hotel Guests and Tourists



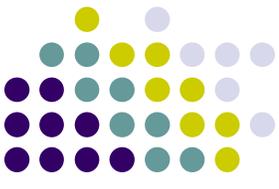
- Tourists spend about \$669 million/yr in Morris County
- “Corporate Tourism” important market
- There are three hotels in and near the downtown
- They capture about 196,000 guest days per year
- Hotel guests are looking for things to do and buy!!!
- Just their food expenditures are estimated at \$9.8 million/yr

Morristown High School Students



Number of Students	1,500
Estimated Total MHS Student Retail and Dining Out Expenditures	\$ 2,769,231
Estimated Total student Influenced Parental Spending On Retail & Dining	\$ 3,807,692
Total Direct and Indirect MHS Student Retail and Dining Expenditures	\$ 6,576,923

Strong Entertainment and Pamper Niches Generating Customer Traffic That Retailers Can Tap



- A 10-screen cinema that attracts about 360,000 patrons annually
- The Community Theater with an annual attendance of about 200,000
- 77 restaurants and nine coffee shops with total annual sales of \$79.4 million
- 48 hair and nail salons, gyms, spas etc.

People Traveling to and Through the Downtown



Downtown Morristown's transportation assets are very substantial:

- The average weekday passenger boardings at Morristown station were 2,057 during the NJ TRANSIT fiscal year 2009
- I-287 is located about .73 miles from The Green. It brings over 106,000 vehicles a day into the area.
- The downtown also has many other locations with traffic counts over 20,000 vehicles per weekday. Many of Morristown's counts are higher than those in Englewood and Westfield, two downtowns with numerous major retail chains
- The Morristown Parking Authority provides 2,900 spaces. This count does not include any private commercial parking spaces. The highest observed occupancy rate was 58.3%.

Key Residential Trade Area Markets

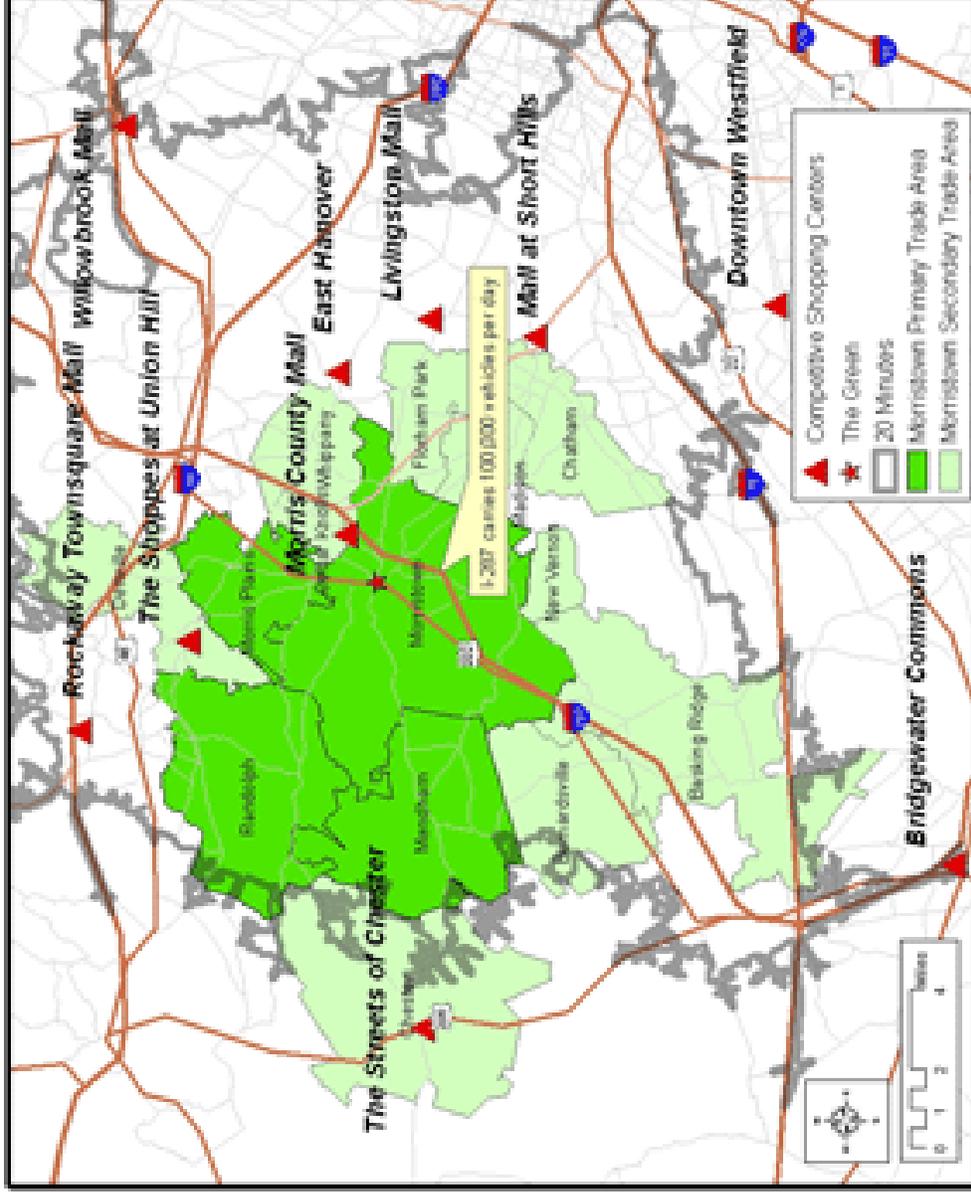
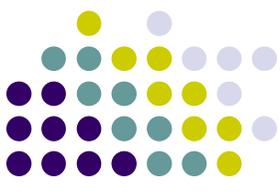


Downtown Morristown's residential trade areas are characterized by:

- High income households with a lot of spending power
- Households with lifestyles that have strong propensities for shopping and spending on entertainment activities

The retail spending of these households is expected to have the strongest rebound from the Great Recession

The Downtown's Residential Trade Areas



DANTH, Inc.

A Few Key Demographics for Downtown Morristown's Trade Areas



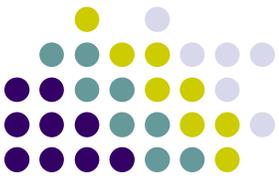
<u>Key Demographic Variables</u>	<u>Primary T.A.</u>	<u>Total T.A.*</u>	<u>20-Min Shed**</u>	<u>New Jersey</u>
2010 Total Population	98,708	219,716	817,336	8,822,373
2010 Median HH Income	\$121,674	\$124,096	\$87,320	\$72,519
2010 Average HH Income	\$165,042	\$168,543	\$125,329	\$94,220
2010 HHs w/Inc over \$100,000	21,951	49,228	129,302	997,280
2010 Percent HHs w/Inc over \$100,000	61%	62%	44%	31%
2010 Retail Goods: Average Spent/HH	\$54,707	\$55,848	\$41,389	\$31,445
2010 Retail Goods: Spending Potential Index	220	225	166	126
<u>Top Tapestry LifeMode Groups</u>				
High Society	64%	63%	42%	18%
Upscale Avenues	15%	21%	19%	14%



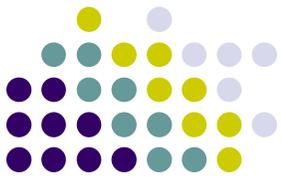
HH Retail-Related Expenditures in the Primary and Total Trade Areas

Expenditure Items	Primary Trade Area SPI*	Primary Trade Area Total HH	Total Trade Area SPI	Total Trade Area Total HH
Apparel	168	\$144,532,258	170	\$325,773,891
Entertainment & Recreation	243	\$282,762,447	249	\$643,645,190
<i>Fees and Admis</i>	275	\$61,336,253	284	\$140,883,114
Food at Home	221	\$356,122,585	224	\$800,625,338
Food Away from Home	229	\$265,571,527	232	\$596,563,724
Home Maintenance and Remodeling				
Services	284	\$203,243,065	299	\$474,649,579
Materials	244	\$32,666,670	255	\$75,849,308
Household Furnishings and Equipment				
Household Text	244	\$11,686,863	250	\$26,669,491
Furniture	254	\$54,982,965	261	\$125,549,456
Floor Coverings	270	\$7,289,888	281	\$16,899,528
Major Applianc	232	\$25,339,732	239	\$58,088,449
Housewares	212	\$6,571,835	216	\$14,884,923
Small Appliance	226	\$2,663,337	230	\$6,029,812
Luggage	258	\$859,735	263	\$1,947,715
Personal Care Products (18)	223	\$32,057,753	226	\$72,161,288
School Books and Supplies (19)	211	\$8,109,974	209	\$17,858,781

Major Challenges



1. Today's "Deliberate Consumer" is the new normal
 - Strongest among middle income households
 - Needs now more determining than wants
 - Top income households' current caution follows their net worth; spending rebound expected, but not back to peak levels
2. Nationally, the absorption of retail space is off 80% of peak
3. A dispersed downtown, with four cores
 - Many office workers, hotel guests do not have easy walks to retail cores
 - Way-finding to retail cores and parking lacking
4. Strong retail centers provide lots of competition
5. Does the downtown have an image problem?



Strategic Recommendations:

Retail Niche Opportunities

- Continue to market and grow the wedding and restaurant niches
- Organize, market and grow the entertainment niche
- Organize, market and grow the home and hearth niche
- Organize, market and grow a “town and country” niche.



Action Recommendation:

Increase Penetration of Captive Markets

- The Partnership should distribute market information about these markets
- The Partnership should distribute information about retailers who are successfully penetrating these markets
- Downtown retailers should be encouraged to cross promote with firms in the downtown's strong restaurant and pamper niches
- Downtown retailers need to develop "backdoor retail" techniques, including participation in concierge programs.



Action Recommendation:

Create Well-Activated Public Spaces

- In such public spaces people can watch others or themselves engage in a wide range of informal entertainment activities.
- They would flesh out and strengthen the downtown’s entertainment niche and make the downtown “stickier.”
- Many current visitors and users would become more visible and the downtown would appear busier, more exciting – and a lot more attractive location for retailers.
- Cautionary note: just having a public space is not enough. They have to be properly located, designed, programmed and managed
- The Partnership should encourage even more outdoor dining, sipping and snacking. It will bring an increased sense of activity to the downtown. Such activities across from The Green also will take advantage of that strong visual asset



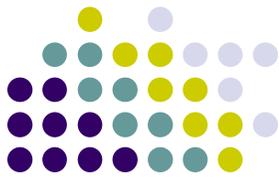
Action Recommendation:

Recruit Quality Independent Retailers

- Implement a business recruitment public relations campaign aimed at stimulating retail tenant prospect walk-ins
- Create a targeted effort to identify, cultivate and recruit retail tenant prospects
- The Morristown Partnership and the Town of Morristown should achieve a high conversion rate on tenant prospects:
 - Finding affordable, appropriate commercial spaces to look at
 - Understanding Downtown Morristown's markets
 - Getting financing
 - Getting municipal approvals and permissions

Action Recommendation:

Diminish the Impacts of Geographic Dispersion



- Use backdoor retail techniques
- Take measures to increase the magnetism of each of the four commercial cores
- Make the walk between cores easier for downtown users through a better way-finding system that shows:
 - Visitors how to get from major Town gateways, e.g., I-287, to each of the commercial cores
 - How to walk from core to core
 - Where the closest unoccupied municipal parking spaces are located